

WORKFORCE INVESTMENT FIELD INSTRUCTION (WIFI) No. 04-12

DATE: July 13, 2012

TO: Maryland Workforce Investment Act (WIA) Grant Recipients and Subrecipients
Labor Exchange Administrators

SUBJECT: Two New Work Opportunity Tax Credit (WOTC) Targeted Groups Introduced by the American Recovery and Reinvestment Act of 2009

REFERENCES: Training and Employment Guidance Letter (TEGL) No. 3-09; The American Recovery and Reinvestment Act of 2009 (Public Law 111-5, Recovery Act); VOW to Hire Heroes Act of 2011 (Public Law 112-57)

BACKGROUND INFORMATION:

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). Section 1221 of the Recovery Act, (P. L. No. 111-5), amended § 51 of the Internal Revenue Code (IRC) to add two new targeted groups for purposes of the WOTC. The amended Section 51 (d) (14) provides that: unemployed veterans and disconnected youth who begin work for an employer shall be treated as members of a targeted group for purposes of the WOTC.

On November 21, 2011, President Obama signed into law the VOW to Hire Heroes Act of 2011 (P.L. 112-57), which amends and expands the definition of Veteran target groups for the Work Opportunity Tax Credit (WOTC) program. These provisions became effective the day after the President signed the Act into law.

ACTION TO BE TAKEN:

Eligibility Certification for Unemployed Veterans and Disconnected Youth. A new Section of the Internal Revenue Code, § 51(d)(14) provides that unemployed veterans and disconnected youth who begin work for an employer during 2009 and afterwards are to be treated as members of a targeted group for purposes of the WOTC.

ETA Form 9061 has been revised to include the two new targeted groups, as well as, including the proper documentary evidence or collateral contacts required for eligibility determination. A copy of the new Form 9061 is provided as an attachment.

Unemployed Veterans. An unemployed veteran is a veteran who has been certified as: 1) having been discharged or released from active duty at any time during the five-year period ending on the hiring date; and 2) being in receipt of unemployment compensation under a state or federal law for not less than four weeks during the one-year period ending on the hiring date.

The definition of veteran for purposes of the WOTC is found in § 51(d)(3)(B)(i) as: 1) having served on active duty for a period of more than 180 days; or 2) having been discharged or released from active duty for a service-connected disability.

Please note that the definition of veteran differs from the definition for Priority of Service for veterans. Furthermore, note that the criterion that establishes a veteran as falling under the Section of the IRC also must be verified before Certification or Denial.

All three of the following criteria and documentation must be satisfied in order for an applying person to be certified as an unemployed veteran:

1. Determine whether individual satisfies the above definition of veteran
 - a. DD-214, or
 - b. FL 21-802, or
 - c. Discharge Papers
2. Determine that the veteran was discharged or released from active duty in the Armed Forces at any time during the five year ending on the hire date.
 - a. DD-214, or
 - b. Discharge Papers
3. Determine if the veteran has been in receipt of unemployment compensation.
 - a. Unemployment Insurance claims records

Disconnected Youths. A disconnected youth is an individual who is certified as: 1) someone between 16-24 on the hiring date; 2) not regularly attending any secondary, technical, or post-secondary school during the six-month period preceding the hiring date; 3) not regularly employed during the six-month period preceding the hiring date; and 4) not readily employable by reason of lacking a sufficient number of basic skills.

All four of the following criteria and documentation must be satisfied in order for an applying person to be certified as a disconnected youth:

1. Determine whether the youth is at least age 16 but under 25 on the hiring date:
 - a. Birth certificate
 - b. Driver's License
 - c. Work Permit
 - d. Copy of Hospital Record of Birth
 - e. School I.D. or School records
 - f. Federal/State/Local Government I.D.
2. Determine whether or not the youth has been regularly attending any secondary, technical, or post-secondary school during the six-month period before hiring date:
 - a. Signed letter from parent/guardian (if minor) attesting to applicant youth's attendance; or
 - b. Self-Attestation explaining that the applicant youth is not attending or has not attended any of the above criterions for more than ten hours per week during the six-month period before the hiring date.
3. Determine whether or not the youth has been regularly employed during the six-month period before hiring date:
 - a. Unemployment Insurance Wage Records

- b. Youth also meets this criteria if, during the most recent three-month period within the six months preceding the hiring date, the youth earned an amount less than the gross amount the youth could have earned if the youth had worked thirty hours a week during the three-month period.
4. Determine whether or not the youth was readily employable due to lack of basic skills:
- a. Self-Attestation that the individual does not have a high school diploma or GED; or
 - b. Self-Attestation that the individual has a certification of graduation from a secondary school or GED that was awarded no less than six months preceding the hiring date and has not continually held a job or been admitted to a technical school or post-secondary school since receiving such a certification.

Veterans Retraining Assistance Program (VRAP). The VOW to Hire Heroes Act authorizes a twelve-month retraining assistance for unemployed veterans. To qualify for this assistance a veteran must be:

1. Be between the age of 35 and 60;
2. Be unemployed with special consideration given to Veterans who have been unemployed for more than 26 weeks;
3. Have an other than dishonorable discharge;
4. Not be eligible for any other VA education benefit program (e.g., the Post-9/11 GI Bill, Montgomery GI Bill, Vocational Rehabilitation and Employment Assistance);
5. Not be in receipt of VA compensation due to Individual Unemployability (IU);
6. Not be enrolled in a federal or state job training program;
7. Enrolled in a VA approved program of education offered by a community college or technical school.

The VA is currently accepting VRAP applications for programs that begin on or after July 1, 2012. Participating Veterans may receive up to 12 months of assistance equal to the full-time Montgomery GI Bill – Active Duty rate, currently \$1,473 per month. Assistance under this benefit program ends on March 31, 2014. Qualified Veterans can apply at <https://www.ebenefits.va.gov/>

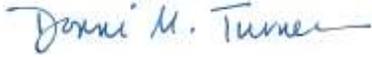
Programs must meet the following criteria to qualify for VRAP benefits:

1. Be offered by a community college or technical school
2. Lead to an Associates Degree or Certificate
3. Train the Veteran for a high demand occupation

CONTACT

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EFFECTIVE: September 1, 2009



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